

~~SECRET~~ [REDACTED]The Director of Central Intelligence
Washington, D.C. 20505

25X1

National Intelligence Council

NIC 03613-86
6 August 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: [REDACTED]
Assistant National Intelligence Officer for NESAs

SUBJECT: Warning and Forecast Report for Near East and South Asia

25X1

The July warning meeting addressed trends in the Iran/Iraq war and South Yemen six months after the coup.

1. The Iran/Iraq War. In a persuasive presentation, [REDACTED] DDI/NESA, argued that the war is entering an important juncture in which Iran has decided to try to push it to a decision. The Iranian calculus is probably based on the following assessments of their strategic situation:

25X1

- Falling oil revenues are reducing their ability to prosecute the war.
- Iranian forces have the initiative and Iraqi resolve is faltering.
- Iranian forces have developed effective tactics for executing medium-sized attacks.

Although there are signs that a large mobilization is underway, we do not have indications that a massive offensive is imminent. Either Iran is waiting until all preparations are completed, or it is not planning a massive offensive but a series of smaller operations. Using these smaller attacks, Iran would hope to achieve surprise, avoid the risk of a catastrophic defeat and inflict a series of psychological reverses aimed at breaking Iraqi cohesion.

There is a significant difference among analysts on Iraqi staying power. One group believes there is a significant chance that a series of defeats could cause a loss of Iraqi political and military cohesion. This group gives weight to increased reporting of grumbling by the Iraqi military over Saddam's handling of the war. These reports are especially noteworthy

25X1

25X1

~~SECRET~~ [REDACTED]

SECRET

25X1

in light of the relative scarcity of this type of open complaining in the past. These analysts point out that Saddam recently felt it necessary to openly admit mistakes in managing the economy and the war and to agree to delegate more.

Other analysts, especially within DIA, believe that in light of Iranian objectives in the war--the removal of the Ba'thist regime--senior Iraqi military and political leaders, have no choice but to continue to support him. These analysts cite the meeting in which Saddam admitted to micromanaging the war as evidence of his grip on power, rather than the reverse, since ultimately the party rallied to him. This view of the war concedes that Iraq is fatigued, frustrated and bitter but argues that ultimately they have no choice but to fight on.

Warning Notes

Some important intelligence judgments emerged from this discussion, in spite of our inability to reach consensus. First, the stakes are clearly rising. Both sides are nearing exhaustion and both know it. If our analysis is correct, Iran fears the war will wind down to a stalemate and has decided to go for the Iraqi throat. If Iraq sustains its latest bombing campaign, it indicates they too may have finally concluded that significant near term risks must be borne to prevent strategic defeat. In short, both sides risk reaching beyond their limits. Over the next six months, miscalculation or military setbacks could have profound consequences.

25X1

2. Yemens. The PDRY regime has failed to consolidate support, the economic and security situation is deteriorating, and no single personality has emerged to lead the country out of this morass. Additionally, there are as many as 12,000 exiles in the YAR, many wanting to be unleashed. Internationally, the regime has had some success in validating its legitimacy but little in finding the aid it desperately needs.

In short, the events set in motion by the January coup have yet to play out and the current political system is unstable, with important groups having little stake in its survival. This system will remain unstable until an equilibrium is established among key tribal, ideological and military interest groups. That said, the way the system will change ranges from

2
SECRET

25X1

SECRET

25X1

evolutionary to revolutionary and does not have to include the carnage of six months ago.

Although uncomfortable and embarrassed, the Soviets remain well-positioned to take pragmatic decisions that allow them to emerge from a period of instability with their basic relationship and geostrategic interests intact. Most analysts believe that no combination of YAR/Saudi-backed insurgents could produce a viable non-Communist regime.

Salih has not committed himself to a course of action. His calculation hinges on his assessment of:

- The domestic implications of 12,000 restive exiles.
- The potential political/military effectiveness and appeal of an insurgency mounted by the exiles.
- The situation in the South.
- Washington and Riyadh's position.
- The Soviet's likely response.

Warning Notes

The preceding discussion is itself a warning to expect significant, possibly sudden, change in the political line-up in South Yemen within the next year. If these changes are caused by--or cause--moves by Salih, they will require US policy decisions. If strictly an internal situation in PDRY, we will have no influence and, as in January, be distant observers.

25X1

3
SECRET

25X1

SECRET

25X1

The following components attended the NIO/NESA July Warning Meeting:

External

INR/NESA
JCS/J-5
DIA/DE-4
DIA/DB-8C
ARMY (DAMI-FI)
NSA/G6
NSA/G6095
ONI

Internal

DDI/NESA
NESA/PG/I
LDA/AN
LDA/PPD
OIR/DSD
ANIO/CT
O/NIO/W
NESA/I
OGI/GD
CRES
FBIS/NEAD
FBIS/AG/MEB
SOVA/TW

OIA/TWFD/NEB
ICS/HC

25X1

SECRET

4

25X1